

ORIGINAL

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December 15, 2000

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**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY**

Ms. Magalie Roman Salas, Secretary
Federal Communications Commission
445 Twelfth Street, SW
Room TW-A325
Washington, DC 20554

Re: Provision of Directory Listing Information; CC Dkt. No. 99-273

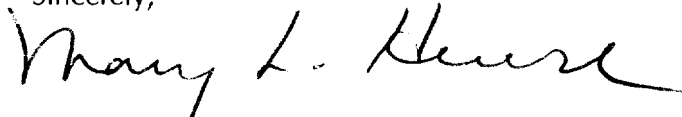
Dear Ms. Salas,

On December 14, the undersigned and Sid White of BellSouth, Jan Rogers and Janine Quinn of SBC, Vinny Woodbury of Verizon, and Eldridge Stafford of Qwest, met with Yog Varma, Jared Carlson, Dennis Johnson, and Greg Cooke (via conference call) of the Common Carrier Bureau to discuss the above-referenced proceeding.

During the meeting the companies discussed their opposition to the 411 prescription proposal and presented data to support their position. A copy of the presentation used during the meeting is attached.

This notice is being filed pursuant to Sec. 1.1206(b)(2) of the Commission's rules. If you have any questions concerning this filing, please do not hesitate to contact me.

Sincerely,



Mary L. Henze

Attachment

cc: Y. Varma
J. Carlson
G. Cooke
D. Johnson

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List ABCDE

411 Facts and Issues Opposing Presubscription

BellSouth, Qwest, SBC and
Verizon

December 14, 2000

Five Major Points

- Most customers call 411 infrequently.
- LECs provide quality DA service.
- Most State Commissions mandate LEC service quality, free call allowances and special exemptions.
- Industry provides access to Spanish speaking operators.
- Telegate figures misleading; Balloting & Allocation costs alone estimated at \$419M.
 - *BLS, Qwest, SBC & Verizon alone*

Most Customers call 411 infrequently.

- Verizon study: DA users in Massachusetts
 - 8.5% of customers make 60% of all DA calls and
 - 61.7% of all customers make 1 or fewer calls per month.
- SBC: 80 percent of residential accounts made three or fewer DA calls each month
 - (California PUC, Decision 00-11-042, November 21, 2000, Page 14)
- Qwest studies show customer concentration: 80% of DA usage by 5% of customers
- BellSouth: 79.5% of residence customers, 82.1% of business customers make 1 or fewer DA calls per month

Why presubscription for all if so few utilize?

LECs provide quality DA service.

- Qwest's third party research indicates 90%+ fulfillment rate
- Verizon studies indicate 96%+ fulfillment
- BellSouth's Quality program:
 - Semi-annual independent audits of database accuracy (most recent 97%)
 - Semi-annual independent audits of fulfillment level of operators successfully completing a DA request (95%).
 - Internal observations for performance pay (add'l \$1/hour)
- SBC DA database accuracy: 96 to 99%

State regulatory oversight requires quality.

Most State Commissions mandate LEC service quality, free call allowances and special exemptions.

- LEC's required to provide DA ubiquitously.
- How will State Commissions mandate service quality, free call allowances and special exemption requirements equitably when DA is provided by non-regulated entities?
- See the following two matrices of unique state service quality, allowance and special exemption requirements.

Telegate ignores state regulatory requirements.

DIRECTORY ASSISTANCE SERVICE

STATE	EXEMPTIONS	CALL ALLOW	
		Res.	Bus.
Alabama	Certified disabled residential customers	0	0
Arizona	Special Needs-Certified Impaired Vision/Motion	1	1
Arkansas	Hospitals; Certified disabled customers	2	2
California	Certified disabled residential customers; Organizations whose primary purpose is assisting w/severe vision disabilities; Customers w/lines not equipped w/ANI	3 (SBC) 5 (Verizon)	0 2
Colorado	Special Needs-Certified Impaired Vision/Motion	0	0
Connecticut	Certified disabled customers; Pay telephone	2	0
Delaware	Hospitals; Certified disabled customers; Pay telephone	1	0
Dist. Of Colum.	Certified disabled customers; Pay telephone	5	0
Florida	Certified disabled customers	3 (BS) 3 (Verizon)	3 1
Georgia	Certified disabled customers	0	0
Hawaii	Public & Convenience Payphones; Hospitals; Certified disabled customers	10	10
Idaho (Northern)	Hospitals; Certified disabled customers; Special Needs-Certified Impaired Vision/Motion	1 (Qwest) 2 (Verizon)	1 2
Idaho (Southern)	Hospitals & Certified disabled customers; Special Needs-Certified Impaired Vision/Motion	0 (Qwest) 2 (Verizon)	0 2
Illinois	Hotels/motels; Hospitals; Dormitory phones; Certified disabled customers	0	0
Indiana	Hospitals; Certified disabled customers	0	0
Iowa	Hotels/motels; Hospitals; Special Needs-Certified Impaired Vision/Motion	2	2
Kansas	Handicapped	0	0
Kentucky	Certified disabled customers; Customers served by an out-of-state DA Bureau; If there is an error in Directory	3 (BS) 0 (CBT)	3 0
Louisiana	Certified disabled customers (res. or bus.); Hospitals; Hotel/Motel	1	1
Maine	Certified disabled customers; Pay telephone	3	0
Maryland	Hospitals; Certified disabled customers; Pay telephone	6	0
Mass.	Certified disabled customers; Elderly; State Gov.; Requests for non-pub/non-list; Pay telephone	10	10
Michigan	Hotels/motels; Hospitals; Certified disabled customers	5 (SBC) 3 (Verizon)	5 3
Minnesota	Special Needs-Certified Impaired Vision/Motion	1	1
Mississippi	If there is an error in Directory; Certified disabled customers; Hospitals; Hotel/Motel	0	0
Missouri	Certified disabled customers	30R (SBC - if not in the directory) 3 (Verizon)	10B 3

DIRECTORY ASSISTANCE SERVICE

Montana	Special Needs-Certified Impaired Vision/Motion;	3	3
Nebraska	Special Needs-Certified Impaired Vision/Motion	0	0
Nevada	Handicapped; Pay telephones	3	0
New Hampshire	Certified disabled customers; Pay telephone	5	5
New Jersey	Hotel/motel; Hospitals; Certified disabled customers; Pay telephone; Mobile	4	0
New Mexico	Special Needs-Certified Impaired Vision/Motion; Hospitals; Nursing homes; "0" or 911 Emergency	0	0
New York	Certified disabled customers & pay telephone lines	0	0
N. Carolina	Certified disabled customers; 1 st 25 local DA calls on BS payphones	5 (BS) 3 (Verizon)	5 3
N. Dakota	Special Needs-Certified Impaired Vision/Motion	0	0
Ohio	Hospitals; Hotel/motel; Certified disabled customers; Pay Telephones	0 (SBC) NC for DA (Verizon)	0
Oklahoma	Handicapped; Hospitals	5	5
Oregon	Special Needs-Certified Impaired Vision/Motion	2	2
Pennsylvania	Hospitals/nursing and convalescent homes; certified disabled customers	2	0
Rhode Island	Hospitals; Certified disabled customers; Requests for non-pub/non-list; Pay telephone lines	5	5
S. Carolina	Hotels; Hospitals & Certified disabled customers; Rate 10 cents from "indigent" BS payphone stations	3 (BS) 2 (Verizon)	0 2*
S. Dakota	Special Needs-Certified Impaired Vision/Motion	0	0
Tennessee	Certified disabled customers; Elderly (>65)	6 *	6*
Texas	Hospitals; Certified disabled customers	3 (SBC) 3 (Verizon)	0 3
Utah	Special Needs-Certified Impaired Vision/Motion; Hospitals; Nursing homes; WATS; "0" or 911 Emergency	0	0
Vermont	Certified disabled customers	3	0
Virginia	Hospitals, certified disabled customers, pay telephone lines	3	3
Washington	Hotel/motel; Hospital patient lines; Certified disabled customers; Special Needs-Certified Impaired Vision/Motion	0 (Qwest) 4 (Verizon)	0 4
W. Virginia	Certified disabled customers, pay telephone lines	2	0
Wisconsin	Hotel/motel; Hospitals; Certified disabled	0	0
Wyoming	Special Needs-Certified Impaired Vision/Motion	0	0

* SC – Call allowance is not applicable to pay telephones

* TN – Applicable to the aggregate of all intrastate listing requests

12/11/2000

DA Answer Time Requirements By LEC By State

			Penalty
Alabama	10 seconds	PSC	
Arkansas	100% of the calls answered in 15 seconds	Telecommunications Providers Rules 13.02	Penalty - Arkansas rules provide for penalties for non compliance with state rules
Arizona	85% of DA		Arkansas rules provide for penalties for non compliance with state rules
California	9 seconds average in 1/2 hour increments and 85% of calls must be answered within 12 seconds	CPUC General Order 133A & 133B	
Colorado	85% of DA		\$50K/mo. DA or T/A (\$100K/mo risk)
Connecticut	6.0 (regulated)	DPUC	
DC	85% within 10 seconds		\$50K/mo. DA or T/A (\$100K/mo risk)
Delaware	80% within 10 seconds		
Florida	90% within 30 seconds if answered by live operator 95% within 15 seconds if answered by automated system Transfer to live operator within 55 second	PSC	
Georgia	90% within 20 seconds	PSC	
Idaho	None	N/A	
Illinois	5.9 seconds average	Advantage Illinois	OS/DA answer time/service quality influences price index formula that results in a downward adjustment if service deteriorates
Indiana	7.7 seconds average or 80% answered in 10 seconds	Indiana Administrative Code 170-IAC-7-1 1-11	Commission has the authority, after an investigation, to issue directives to remedy any sub-standard performance.
Iowa	90% of all operator calls within 10 secs average to be 5 secs	N/A	
Kansas	N/A	N/A	
Kentucky	Average speed of answer not to exceed 8 seconds	PSC	
Louisiana	NONE	N/A	
Maryland	79% within 10 seconds		
Massachusetts	within 4.0 seconds	DTE	
Michigan	100% of the calls answered in 10 seconds	Michigan Telecommunications Act Commission Rule 484.64	A DA provider shall take corrective action and submit a written report to the commission if its average answer time per month for local directory assistance calls is more than 10 seconds for three consecutive months.
Minnesota	None	N/A	
Mississippi	"Must be efficient"	N/A	
Missouri	6 seconds average, 8 seconds surveillance	Chapter 32 of MO PSC rules (4 CSR 240-32.080)	If service within any exchange falls to or below the surveillance level, the company shall immediately investigate and take appropriate corrective action.
Montana	DA - 80% of Qtr Hrs within 10 secs		

DA Answer Time Requirements By LEC By State

STATE	ANSWER TIME REQUIREMENT	SOURCE	PENALTY
NC	85% within 10 seconds	PSC	
Nebraska	80%-90% within 10 seconds		
Nevada	85% of calls answered in 12 seconds (no average requirement)	NAC 704.68476.1(G)	
New Hampshire	85% within 10 seconds	PUC	
New Jersey	80% within 10 seconds		
New Mexico	None	N/A	
New York	within 6.3 seconds	PSC	
North Dakota	None	N/A	
Ohio	7 seconds average	Advantage Ohio	Advantage Ohio's price cap plan includes OS/DA Service Quality Factor(SQF)/answer requirements as a factor in price index formula resulting in downward adjustment of revenues if service deteriorates.
Oklahoma	N/A	N/A	
Oregon	None	N/A	
Pennsylvania	None	N/A	
Rhode Island	within 4 seconds		
SC	80% within 30 seconds	PSC	
South Dakota	None		
Tennessee	85% within 10 seconds	PSC	
Texas	5.9 seconds	Senate Bill 560 Substantive Rule 26.54	If service quality falls below the applicable performance benchmark for an exchange, that indicates a need for the utility to investigate. Take appropriate corrective action, and provide a report of such activities to the TPUC.
Utah	None	N/A	
Virginia	None	N/A	
Washington	None	N/A	
West Virginia	85% within 10 seconds		
Wyoming	80% of all operator calls within 10 secs		

Industry provides language-specific services.

- BellSouth & SBC: Spanish speaking call centers & other assistance.
- Qwest & Verizon have special language assistance for Spanish speaking customers.
- Special language services are evaluated/expanded as market evolves.
- LEC operator language skills reflect the communities they serve.

Telegate figures misleading; B&A costs alone estimated \$419M *BellSouth, Qwest, SBC & Verizon*

- Verizon analysis calculates balloting and allocation costs at \$3.30 per billed customer. (See Attachment 1)
- BellSouth, Qwest, SBC and Verizon estimate their B&A costs at \$419M.
(Approximately 127M billed customers at Verizon calculation of \$3.30 per)
- The \$419M estimate does not include additional costs such as network upgrades, customer support, customer notification and education, ordering and billing systems or training.
- Telegate recently raised its estimates 1,204% for network upgrades alone. (\$23M to \$300M)
- What about cost to Independents and CLECs?

Conclusion

- Where is customer demand for change?
- Customers would be required to presubscribe to a service most use infrequently.
- LECs provide quality DA service as demonstrated in high fulfillment rates.
- Presubscription would require significant changes by State Commissions.
- LECs continue to meet customer demand for language assistance.
- No cost/benefit justification; enormous cost and customer confusion for no clear benefit.

Attachment 1

Telegate Proposal for Prescription to 411 Directory Assistance Services Balloting/Allocation for Business and Residence

Verizon Balloting/allocation cost estimate:

1. develop ballot and customer letter, print ballot and letter, \$22.1M
stuff envelopes, pay postage
(\$.50 per customer account X 44,100,000 Verizon customer bills)
 - develop/provide letters and documents to DA providers to confirm their participation in allocation process.
 - develop/provide schedules to DA providers for balloting and allocation process.
 - create ballots, accompanying letters and ballot return envelopes.
 - Print ballots and letters
 - Stuff envelopes, provide postage, and send ballots to residence and business customers.
2. pay postage on 'returned' ballots (maximum 20% return rate) \$ 2.9M
(20% X 44,100,000 Verizon bills = 8,820,000 returned ballots X \$.33)
3. receive and process returned ballots \$26.5M
(\$ 3.00 per ballot X 8,820,000 subscriber ballots)
 - collect, open and sort ballots
 - develop letter and send confirmation back to customer
 - program customer to specific DA provider (systems integration)
 - develop lists and send to chosen DA provider
 - customer education calls for incomplete/confused response.
 - \$3.00 administrative cost includes \$.33 postage; \$2.67 labor
 - \$2.67 labor equates to 6.2 minutes union work to perform all of the above functions (conservative estimate)
4. develop and print customer letter, stuff envelopes, \$ 14.1M
pay postage for 2nd ballots
(\$.40 per customer account X 35,280,000 Verizon customer bills)
 - create/print accompanying letters and ballot return envelopes.
 - stuff envelopes w/ letter and 2nd ballot, provide postage, and send ballots to residence and business customers.

Attachment 1

Telegate Proposal for Prescription to 411 Directory Assistance Services Balloting/Allocation for Business and Residence

5. pay postage on returned 2nd ballots (20% X 35,280,000 = 7,056,000 returned ballots X \$.33)	\$ 2.3M
6. receive and process returned 2nd ballots (\$3.00 per ballot X 7,056,000 subscriber ballots)	\$21.2M
<ul style="list-style-type: none">• collect, open and sort ballots• develop letter and send confirmation back to customer• program customer to specific DA provider (systems integration)• develop lists and send to chosen DA provider• customer education calls for incomplete/confused response.• \$3.00 administrative cost includes \$.33 postage; \$2.67 labor• \$2.67 labor equates to <u>6.2 minutes</u> union work to perform all of the above functions (conservative estimate)	
7. allocate remaining subscribers to DA provider, develop lists, notify DA providers, program/process delinquent subscribers (\$2.00 X 28,224,000 subscriber billing accounts)	\$56.4M
<ul style="list-style-type: none">• random allocation process based on actual % choices of DA provider in each switching entity for those non-choosing customers in that switching entity• develop allocation lists and forward to DA providers (DA providers will notify customers)• program customer to specific DA provider.• Customer education incoming calls.• \$2.00 administrative costs to process customer equates to <u>4.7 minutes</u> of union work to perform the above functions. (conservative estimate)	
TOTAL ESTIMATED BALLOTING/ALLOCATION COST	\$145.5M